

**Opening Statement to the  
Joint Committee of Public Accounts and Audit  
Chief Executive Officer, Defence Materiel Organisation  
24 October 2014**

Members of the Committee, thank you for the opportunity to make a short opening statement.

Defence welcomes the interest of the Joint Committee in the Multi-Role Helicopter Program (MRH-90) and recent ANAO Report No. 52 (2013-14) Multi-Role Helicopters Program that was tabled on 25 July 2014. The MRH-90 program is a key component of the Australian Defence Force (ADF) Helicopter Strategic Master Plan that seeks to rationalise the number of helicopter types in ADF service. The program consists of three phases: Phase 2 is the acquisition of an additional squadron of troop lift aircraft for the Australian Army; Phase 4 will replace Army's Black Hawk helicopters in the Air Mobile and Special Operations roles; and Phase 6 will replace the Royal Australian Navy's Sea King helicopters in the Maritime Support Helicopter role.

For those members who have not had the opportunity to read the report this extensive report demonstrates the complex nature of Australia's helicopter replacement program which is integral to the ADF and its conduct of combined amphibious operations. The report accurately highlights a number of challenges that Defence faces in transitioning from its current third generation helicopters to fourth generation platforms.

Defence acknowledges that there is scope to realise further improvements in the MRH - 90 capability and anticipates continued maturity to the sustainment arrangements with associated benefits to cost of ownership. Defence is committed to managing the complexities of its mission and appreciates the regular reviews undertaken by the ANAO.

The ANAO made no recommendations in the proposed report, accepting that Defence already has appropriate management strategies and procedures in place to cover the range of issues identified in the audit. The ANAO reported that, at the time of the audit:

- Over \$2.4 billion had been expended acquiring and sustaining the 27 (of 47) MRH-90s that had been delivered (two more aircraft have subsequently been delivered);
- The program is some four years behind schedule;
- The Initial Operational Capability milestones are yet to be achieved for either Army or Navy; and
- Considerable work remains to implement and verify some design changes, and adjust operational tactics, techniques and procedures.

Despite the issues surrounding MRH-90, and the complexity of the remaining journey to Final Operational Capability, Defence remains committed to the introduction into service of this platform. I note that the ANAO observations made may lead some to overlook the many positives of this platform.

I hope I have usefully highlighted key points in relation to this platform and should also point out that developing the right information is only possible by working closely with Service Chiefs, Industry, the Auditor-General; and other areas of Defence and Government.

In closing, I would like to acknowledge the efforts of the DMO, Defence and ANAO who continue to have strong professional working relationships that endeavour to continuously improve our business processes and successful acceptance into service of capability through performance audit outcomes.

Thank you for offering me the opportunity to provide these brief remarks and I would be happy to take your questions.